

Message Text

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ACTION IO-10

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-09 FEA-01

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FM USMISSION IAEA VIENNA

TO SECSTATE WASHDC PRIORITY 5689

INFO AEC GERMANTOWN

USMISSION GENEVA

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EO 11652: NA

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SUBJECT: IAEA GENEVA GROUP CONSULTATIONS PRIOR TO
A&B COMMITTEE

REF: A. IAEA VIENNA 26070; B. IAEA VIENNA 2652

B. IAEA VIENNA 1929; D. STATE 76884

SUMMARY: VIENNA GENEVA GROUP CONSIDERED REPORT OF
TWELFTH CONSULTATION AND IAEA BUDGET. ON TWELFTH CON-
SULTATION, U.S. MISSION WILL PREPARE PAPERS FOR ECOSOC
IN DEPTH REVIEW OF IAEA, AND ON COMPUTER USE. ON 1976
IAEA BUDGET, DISCUSSION CENTERED ON ADDITIONAL DIRECTOR
REQUESTED FOR DEPARTMENT OF SAFEGUARDS AND INSPECTION
AND ON TECHNICAL ASSISTANCE TARGET. END SUMMARY.

ACTION REQUESTED: COMMENTS BY DEPARTMENT AND ERDA
ASAP ON 1975 AND 1976 IAEA BUDGET PRIOR TO A AND B
COMMITTEE.

1. LOCAL GENEVA GROUP MET MONDAY, APRIL 7, AT U.K.
MISSION. MEETING CO-CHAIRLED BY U.K. (JACKSON) AND U.S.
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(LABOWITZ). ATTENDEES INCLUDED ALSO AUSTRALIA, CANADA,

FRG, ITALY, JAPAN, AND NETHERLANDS. SWEDEN (OBSERVER)
WAS PRESENT; FRANCE (MEMBER) AND SWITZERLAND (OBSERVER)
WERE ABSENT.

2. FIRST AGENDA ITEM WAS CONSIDERATION OF REPORT OF
TWELFTH CONSULTATION ON SPECIALIZED AGENCIES OF FEBRUARY
4-6, 1975. ONLY TWO ITEMS DISCUSSED WERE ECOSOC IN DEPTH
REVIEW OF IAEA, SCHEDULED FOR SUMMER 1975, AND RE-
PORT OF WORKING PARTY ON INFORMATION SYSTEMS AND COMPUTER
USE AS IT RELATES TO IAEA AND UNIDO. ON ECOSOC IN
DEPTH REVIEW, U.S. AGREED TO PREPARE FIRST DRAFT
OF BRIEF BY END APRIL, USING FAO STUDY (COPY TO BE
OBTAINED BY U.K.) AS MODEL. ON COMPUTER USE AND INFORMA-
TION SYSTEMS, SEVERAL MEMBERS EXPRESSED CONCERN OVER
IMPLICATION IN FIRST PARA. ON THIS ITEM IN REPORT
(PAGE 5) THAT IAEA COMPUTER IS NOT FULLY JUSTIFIED, AND
PARTICULARLY STATEMENT THAT UNIDO COULD SAVE \$100,000
PER ANNUM IF IT USED ICC. U.S. AND ITALY WILL PREPARE
OBJECTIVE REPORT ON COMPARATIVE COSTS TO UNIDO OF
UTILIZING IAEA FACILITY VERSUS USE OF ICC. MISSION
WOULD THEREFORE APPRECIATE U.S. MISSION GENEVA FORWARDING
CONCISE EXPLANATION OF STATEMENT IN REPORT WHICH ASSUMES
UNIDO WOULD SAVE \$100,000 IF IT USED ICC, SINCE THIS IS
AT WIDE VARIANCE WITH VIENNA PAPER ON THIS ITEM AND
DOES NOT SQUARE WITH OUR OWN CALCULATIONS WHICH SHOW
REVERSE TO BE TRUE, (I.E., THAT IT IS FAR CHEAPER FOR
UNIDO TO USE IAEA COMPUTER AS IS INDICATED ON PP 6-7 OF
VIENNA PAPER SUBMITTED TO TWELFTH CONSULTATION ON
"INFORMATION SYSTEMS AND COMPUTER USE IN THE IAEA".)

3. SECOND AGENDA ITEM CONSIDERED WAS IAEA 1976
BUDGET. ONLY TWO ISSUES GENERATED DISCUSSION: A. REQUEST
FOR ADDITIONAL (THIRD) DIRECTOR IN DEPARTMENT OF SAFE-
GUARDS AND INSPECTION, AND B. TECHNICAL ASSISTANCE
(TA) TARGET FOR VOLUNTARY CONTRIBUTIONS. NONE OF PARTIC-
IPANTS SPOKE FROM INSTRUCTIONS OF THEIR GOVERNMENT.
ON SAFEGUARDS DIRECTOR, U.S. POINTED OUT THAT APPOINTMENT
OF ADDITIONAL DIRECTOR FOR SAFEGUARDS OPERATIONS WAS
ONLY TIP OF ICEBERG RELATIVE TO NEED FOR PREPARING
AGENCY ORGANIZATINALLY FOR INCREASING WORKLOAD IN SAFE-
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GUARDS OVER COMING YEARS. ARGUMENT IN FAVOR OF
SPLITTING DIVISION IN HALF IS SIMPLY THAT EFFECTIVE
MANAGEMENT AND COORDINATION OF THE WORK OF 80 OR MORE
SAFEGUARDS INSPECTORS IS TOO MUCH FOR ONE PERSON. YET,
MERELY CREATING A SECOND OPERATIONS DIVISION IS NOT THE
FULL SOLUTION. ARRANGEMENTS FOR COORDINATION OF PRO-
CUREMENT OF NECESSARY INSTRUMENTATION, ITS FIELD USE AND
MAINTENANCE, AND DATA HANDLING AND EVALUATION REQUIRE A

MORE COMPREHENSIVE RESTRUCTURING OF THE DEPARTMENT OF SAFEGUARDS AND INSPECTION. SECRETARIAT SHOULD ELABORATE ON OTHER DETAILS IMPLIED BY CREATION OF NEW DIVISION.

4. FRG REP. OPPOSED NEW POSITION OF DIRECTOR WHILE AGREEING THAT RESTURUCTURING WAS IN ORDER, AND NOTED THAT AT MINIMUM. GROUP SHOULD ASK DG WHY HE CHOSE PATH OF MERELY RECOMMENDING ADDITIONAL DIRECTOR. JAPAN THOUGHT QUESTION OF ADDITIONAL DIRECTOR (AS WELL AS ADDITIONAL INSPECTORS) SHOULD BE PUT OFF UNTIL U.S. AND U.K. AGREEMENTS FOR VOLUNTARY OFFERS, AND POSSIBLY ALSO RECENTLY APPROVED JAPAN SAFEGUARDS AGREEMENTS ARE IN FORCE. U.K. NOTED RELATION OF TOPIC OF ADDITIONAL DIRECTOR AND OTHER INCREASES IN SAFEGUARDS BUDGET TO REVIEW OF SAFEGUARDS FINANCING IN 1976. U.K. NOTED INDIANS AND OTHERS ARE ON WAR PATH ABOUT ESCALATING COSTS IN SAFEGUARDS DEPARTMENT. PERHSPA QUESTION OF ADDITIONAL DIRECTOR WILL LEAD TO MORE FUNDAMENTAL QUESTIONS OF HOW LARGE A SAFEGUARDS STAFF IS REALLY NEEDED, AND HOW CAN IT BE ORGANIZED TO DO ITS JOB MOST EFFICIENTLY. JAPAN EXPRESSED FEAR THAT TWO OPERATIONS DIVISIONS IN SAFEGUARDS, IF ADMINISTERED BY DIFFERENT DIRECTORS, COULD LEAD TO DIFFERENT ATTITUDES TOWARDS IMPLEMENTATION BY TWO DIVISIONS (ONE MORE STRINGENT THAN OTHER), UNLESS VERY STRICT STANDARDS AND PROCEDURES WERE ADOPTED. SAFEGUARDS PROCEDURES SHOULD BE ELABORATED IN DETAIL TO PREVENT ANY SUCH DIFFICULTIES IN IMPLEMENTATION.

5. CHAIRMAN (JACKSON) SUMMED UP DISCUSSION BY DRAWING CONSENSUS THAT QUESTION OF ADDITIONAL DIRECTOR IN DEPARTMENT OF SAFEGUARDS AND INSPECTION NEEDED MORE LOOKING INTO. HOWEVER, RATHER THAN DISPUTE IT IN COMMITTEE, CERTAIN GROUP MEMBERS WHEN CONSULTED BY DDG HALL SHOULD ALERT HIM OF LACT OF SUPPORT FROM GENEVA GROUP COUNTRIES. FRG AND LIMITED OFFICIAL USE

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ITALY AGREED WITH THIS PROCEDURE. U.S. AGREED WITH CONSULTATIONS, BUT EMPHASIZED THAT U.S. DID NOT OPPOSE ADDITIONAL DIRECTOR, BUT WISHED ADDITIONAL INFORMATION RE IMPLICATIONS FOR ORGANIZATION AND COORDINATION. ADDITIONAL DIRECTOR COULD IN FACT HAVE VERY BENEFICIAL EFFECT IN TERMS OF INCREASED EFFICIENCY OF SAFEGUARDS IMPLEMENTATION, THEREBY MINIMIZING GROWTH OF INSPECTOR STAFF.

6. ON RELATED QUESTION OF SAFEGUARDS FINANCING, IT WAS AGREED THAT GROUP WOULD STAND FIRM ON WAITING UNTIL JANUARY 1976 TO CONSIDER QUESTION. A CONCERTED DRIVE BY LDC'S TO CONSIDER QUESTION THIS CALANDER YEAR IS ANTICIPATED TO BEGIN AT A AND B COMMITTEE.

7. NEXT ITEM OF BUSINESS WAS TECHNICAL ASSISTANCE TARGET. SEVERAL MEMBERS HAD HEARD RUMORS (U.S. ALSO HAD HEARD IT DIRECT FROM PHILIPPINES REP SIAZON) THAT LDC'S WOULD PUSH FOR 30 PERCENT INCREASE IN TA TARGET (I.E. FROM 4.5 MILLION TO APPROX. 5.8 MILLION OR MORE) TO MATCH INCREASE IN REGULAR BUDGET OF 29.9 PERCENT. NO ONE FAVORED ANY SUBSTANTIAL INCREASE; ALL OPPOSED IT BUT WITH VARYING DEGREES OF VEHEMENCE. FRG TOOK HARDEST LINE. SAIG GC AGREED (GC XVIII/RFS/318, OCTOBER 1974) TO REVIEW TARGET

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ACTION IO-10

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-09 FEA-01

ACDA-05 CIAE-00 INR-07 L-02 NSAE-00 NSC-05 EB-07

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FIGURE EACH YEAR, BUT NOT NECESSARILY TO INCREASE IT. FIRST LINE OF DEFENSE SHOULD BE RETENTION OF PRESENT LEVEL; SECOND, FIGHT EACH INCREMENTAL INCREASE DOLLAR BY DOLLAR. IF WE ACCEPT ANOTHER LARGE PERCENTAGE INCREASE AFTER LAST YEAR'S 50 PERCENT INCREASE (JUSTIFIED AS NECESSARY AFTER SEVERAL YEARS AT FIXED LEVEL) THE PRECEDENT FOR LARGE ANNUAL INCREASES WOULD BE SET. MOREOVER, TRYING TA TARGET PERCENTAGE INCREASE TO REGULAR BUDGET PERCENTAGE INCREASE ESTABLISHES DANGEROUS PRECEDENT, AND IS TANTAMOUNT TO ESTABLISHING PROCEDURES NOT UNLIKE FINANCING TECHNICAL ASSISTANCE FROM REGULAR BUDGET. ITALY SUPPORTED FRG STATEMENT.

8. U.K. PLAYING DEVIL'S ADVOCATE, NOTED
DECISION OF BOARD WHICH WAS CONSECRATED BY GC, THAT TA
TARGET WAS TO BE REVIEWED ANNUALLY AND THAT IN DOING SO
MEMBERS MUST TAKE INTO ACCOUNT INTER ALIA, INFLATION,
AS WELL AS VOLUME OF SOUND TA PROJECTS. THAT IS A GIVEN.
WE MUST ALSO BEAR IN MIND EXPECTED ATTITUDE OF LDC'S
AT NPT REVIEW CONFERENCE IN MAY, WHERE THEY WILL CASTIGATE
DONOR COUNTRIES ON PERCEIVED INADEQUACY OF IMPLEMENTATION
OF ARTICLE IV. U.S. NOTED THAT IN ADDITION TO RUMORS
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ABOUT 30 PERCENT INCREASE IN TARGET, WE HAVE ALSO HEARD
LDC'S QUESTION SUFFICIENCY OF MANPOWER IN TA DIVISION.
SINCE ONLY THREE NEW TA POSITIONS ARE REQUESTED, PERHAPS
THERE IS BASIS FOR DISCUSSION OF COMPROMISE (I.E. EXTRA
POSITION OR TWO RATHER THAN INCREASE IN TARGET). TO
WHICH FRG REPLIED IT FEELS RECOMMENDED INCREASE IN TOTAL
POSITIONS IN 1976 BUDGET ALREADY IS TOO HIGH (47 NEW IN
1975; 38 RECOMMENDED FOR 1976). GC RES. QUOTED BY U.K.
EARLIER ALSO INDICATES ALL RELEVANT FACTORS NEED BE
TAKEN INTO ACCOUNT IN EVALUATING TARGET. THIS MUST
INCLUDE FINANCIAL CAPABILITY OF DONOR STATES TO PAY.

9. CANADA AGREED WITH FRG THAT 30 PERCENT INCREASE IN
TA TARGET IS PATENTLY RIDICULOUS. BUT RAISED POSSIBILITY
THAT SOME STATES MAY WISH TO ANNOUNCE INCREASE GIFTS IN-
KIND TO NPT PARTIES AT NPT REVIEW CONFERENCE, THEREBY
PARTIALLY DEFUSING SOME OF THE CRITICISM EXPECTED AT
JUNE BOARD. REMAINDER OF DISCUSSION CONCENTRATED ON
RELATIVE MERITS OF TAKING STRONG STAND AGAINST SIGNIFICANTLY
INCREASING TARGET AT A AND B COMMITTEE OR WAITING UNTIL
JUNE BOARD, WHEN NPT REVIEW CONFERENCE WOULD BE HISTORY.
U.K. POINTED OUT THIS WAS TACTICAL PROBLEM: TO SAY
NOTHING AT A AND B COMMITTEE MIGHT INDICATE ACQUIESCENCE
IN DESIRES OF LDC'S TO INCREASE TARGET SUBSTANTIALLY. TO
OPPOSE VEHEMENTLY COULD SOLIFY LDC BLOC ON ASKING FOR
EVER LARGER TARGET IN JUNE. FRG OPTED FOR STRONG OPPOS-
ITION AT A AND B COMMITTEE, BUT CONSENSUS EMERGED
AROUND JAPANESE SUGGESTION TO LIMIT COMMENTS A A AND B
COMMITTEE ALOONG LINE THAT ADVANCED STATES NOT IN POSITION
TO DECIDE ON TARGET FIGURE AT A AND B COMMITTEE, BUT THAT
SUBJECT TO BE DECIDED BY JUNE BOARD. AT SAME TIME,
NO REFERENCE WOULD BE MADE TO NPT REVIEW CONFERENCE AND
POSSIBILITY OF INCREASED CONTRIBUTIONS-IN-KINE ANNOUNCED
THERE. (FYI. WE ANTICIPATE CANADIANS AT LEAST MAY
WISH TO MAKE SUCH ANNOUNCEMENT.) JAPANESE ALSO SUGGESTED
THAT LDC REPS BE CONSULTED OUTSIDE OF A ANB B COMMITTEE
AND PRIOR JUNE BOARD, TO INDICATE WILLINGNESS TO DISCUSS
TARGET INFORMALLY AND TO OBTAIN READING ON HOW FIRMLY
THEY WILL BE HOLDING TO SUBSTANTIAL INCREASE LINE AND

WHETHER COMPROMISES ARE POSSIBLE, PARTICULARLY
AFTER NPT REVIEW CONFERENCE DISCUSSIONS.
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10. FINAL ITEM ON AGENDA WAS 1975 BUDGET INCREASE
(GOV/1731) AND REPORT OF 1974 ACCOUNTS (GOV/1732).
IT WAS EXPECTED THAT SOUTH AFRICA WOULD MAKE ITS USUAL
OBJECTION THAT FINANCIAL REGULATIONS ARE BEING ABUSED.
NEVERTHELESS, IT WAS AGREED THAT DG SHOULD PROCEED ON
BASIS GOV/1731 ("THANK GOD HE IS NOT ASKING FOR SUPPLE-
MENTAL ASSESSMENT, BUT ONLY SUPPLEMENTAL APPROPRIATION"
U.K.) AND THAT HE SHOULD BE ENCOURAGED TO DO ALL IN HIS
POWER TO CUT COSTS IN 1975. QUESTION OF DECLINE IN
DOLLAR POSITION AND POSSIBLE MOVE TO SOME OTHER BASIC
CURRENCY FOR AGENCY OPERATIONS WAS NOT RAISED.

ACTION REQUESTED: MISSION BELIEVES IT WILL BE IMPOSSIBLE
TO IGNORE STATEMENTS MADE AT A AND B COMMITTEE ON
INCREASING TA TARGET, AND THEREFORE REQUESTS INSTRUCTIONS
TO SUPPORT REASONABLY MODEST INCREASE (AS PER REF B,
PARA. 5), TAKING INTO CONSIDERATION RISE IN COSTS DUE
TO INFLATION, DECLINE IN DOLLAR VALUE AND INCREASED AGENCY
TRAINING ACTIVITIES TIED INTO INCREASED LDC INTEREST IN
NUCLEAR POWER. MISSION ALSO BELIEVES IT SHOULD BE IN
POSITION TO MENTION U.S. INTENTION TO INCREASE GIFTS-IN-
KIND TO NPT PARTIES IN 1975, UTILIZING PORITON EXTRA
\$500,000 IN APPROPRIATION FOR VOLUNTARY CONTRIBUTION
TO IAEA AND REQUESTS INSTRUCTIONS ACCORDINGLY. PORTER

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